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[Report No. 106-____]

IN THE SENATE OF THE UNITED STATES

JUNE ____ (legislative day, _____), 2000

Mr. HELMS, from the Committee on Foreign Relations, reported the following original bill; which was read twice and placed on the calendar

A BILL

To amend the Foreign Assistance Act of 1961 to authorize the provision of assistance to increase the availability of credit to microenterprises lacking full access to credit, to establish a Microfinance Loan Facility, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Microenterprise for
3 Self-Reliance Act of 2000”.

4 **SEC. 2. FINDINGS AND DECLARATIONS OF POLICY.**

5 Congress makes the following findings and declara-
6 tions:

7 (1) According to the World Bank, more than
8 1,200,000,000 people in the developing world, or
9 one-fifth of the world’s population, subsist on less
10 than \$1 a day.

11 (2) Over 32,000 of their children die each day
12 from largely preventable malnutrition and disease.

13 (3)(A) Women in poverty generally have larger
14 work loads and less access to educational and eco-
15 nomic opportunities than their male counterparts.

16 (B) Directly aiding the poorest of the poor, es-
17 pecially women, in the developing world has a posi-
18 tive effect not only on family incomes, but also on
19 child nutrition, health and education, as women in
20 particular reinvest income in their families.

21 (4)(A) The poor in the developing world, par-
22 ticularly women, generally lack stable employment
23 and social safety nets.

24 (B) Many turn to self-employment to generate
25 a substantial portion of their livelihood. In Africa,

1 over 80 percent of employment is generated in the
2 informal sector of the self-employed poor.

3 (C) These poor entrepreneurs are often trapped
4 in poverty because they cannot obtain credit at rea-
5 sonable rates to build their asset base or expand
6 their otherwise viable self-employment activities.

7 (D) Many of the poor are forced to pay interest
8 rates as high as 10 percent per day to money lend-
9 ers.

10 (5)(A) The poor are able to expand their in-
11 comes and their businesses dramatically when they
12 can access loans at reasonable interest rates.

13 (B) Through the development of self-sustaining
14 microfinance programs, poor people themselves can
15 lead the fight against hunger and poverty.

16 (6)(A) On February 2–4, 1997, a global Micro-
17 credit Summit was held in Washington, District of
18 Columbia, to launch a plan to expand access to cred-
19 it for self-employment and other financial and busi-
20 ness services to 100,000,000 of the world's poorest
21 families, especially the women of those families, by
22 2005. While this scale of outreach may not be
23 achievable in this short time-period, the realization
24 of this goal could dramatically alter the face of glob-
25 al poverty.

1 (B) With an average family size of five, achiev-
2 ing this goal will mean that the benefits of micro-
3 finance will thereby reach nearly half of the world's
4 more than 1,000,000,000 absolute poor people.

5 (7)(A) Nongovernmental organizations, such as
6 those that comprise the Microenterprise Coalition
7 (such as the Grameen Bank (Bangladesh,) K-REP
8 (Kenya), and networks such as Accion International,
9 the Foundation for International Community Assist-
10 ance (FINCA), and the credit union movement) are
11 successful in lending directly to the very poor.

12 (B) Microfinance institutions such as BRAC
13 (Bangladesh), BancoSol (Bolivia), SEWA Bank
14 (India), and ACEP (Senegal) are regulated financial
15 institutions that can raise funds directly from the
16 local and international capital markets.

17 (8)(A) Microenterprise institutions not only re-
18 duce poverty, but also reduce the dependency on for-
19 eign assistance.

20 (B) Interest income on the credit portfolio is
21 used to pay recurring institutional costs, assuring
22 the long-term sustainability of development assist-
23 ance.

1 (9) Microfinance institutions leverage foreign
2 assistance resources because loans are recycled, gen-
3 erating new benefits to program participants.

4 (10)(A) The development of sustainable micro-
5 finance institutions that provide credit and training,
6 and mobilize domestic savings, is a critical compo-
7 nent to a global strategy of poverty reduction and
8 broad-based economic development.

9 (B) In the efforts of the United States to lead
10 the development of a new global financial architec-
11 ture, microenterprise should play a vital role. The
12 recent shocks to international financial markets
13 demonstrate how the financial sector can shape the
14 destiny of nations. Microfinance can serve as a pow-
15 erful tool for building a more inclusive financial sec-
16 tor which serves the broad majority of the world's
17 population including the very poor and women and
18 thus generate more social stability and prosperity.

19 (C) Over the last two decades, the United
20 States has been a global leader in promoting the
21 global microenterprise sector, primarily through its
22 development assistance programs at the United
23 States Agency for International Development. Addi-
24 tionally, the United States Department of the Treas-
25 ury and the Department of State have used their au-

1 thority to promote microenterprise in the develop-
2 ment programs of international financial institutions
3 and the United Nations.

4 (11)(A) In 1994, the United States Agency for
5 International Development launched the “Micro-
6 enterprise Initiative” in partnership with the Con-
7 gress.

8 (B) The initiative committed to expanding
9 funding for the microenterprise programs of the
10 Agency, and set a goal that, by the end of fiscal year
11 1996, one-half of all microenterprise resources would
12 support programs and institutions that provide cred-
13 it to the poorest, with loans under \$300.

14 (C) In order to achieve the goal of the micro-
15 credit summit, increased investment in microfinance
16 institutions serving the poorest will be critical.

17 (12) Providing the United States share of the
18 global investment needed to achieve the goal of the
19 microcredit summit will require only a small increase
20 in United States funding for international micro-
21 credit programs, with an increased focus on institu-
22 tions serving the poorest.

23 (13)(A) In order to reach tens of millions of the
24 poorest with microcredit, it is crucial to expand and
25 replicate successful microfinance institutions.

1 (B) These institutions need assistance in devel-
2 oping their institutional capacity to expand their
3 services and tap commercial sources of capital.

4 (14) Nongovernmental organizations have dem-
5 onstrated competence in developing networks of local
6 microfinance institutions and other assistance deliv-
7 ery mechanisms so that they reach large numbers of
8 the very poor, and achieve financial sustainability.

9 (15) Recognizing that the United States Agency
10 for International Development has developed very ef-
11 fective partnerships with nongovernmental organiza-
12 tions, and that the Agency will have fewer missions
13 overseas to carry out its work, the Agency should
14 place priority on investing in those nongovernmental
15 network institutions that meet performance criteria
16 through the central funding mechanisms of the
17 Agency.

18 (16) By expanding and replicating successful
19 microfinance institutions, it should be possible to
20 create a global infrastructure to provide financial
21 services to the world's poorest families.

22 (17)(A) The United States can provide leader-
23 ship to other bilateral and multilateral development
24 agencies as such agencies expand their support to
25 the microenterprise sector.

1 (B) The United States should seek to improve
2 coordination among G-7 countries in the support of
3 the microenterprise sector in order to leverage the
4 investment of the United States with that of other
5 donor nations.

6 (18) Through increased support for microenter-
7 prise, especially credit for the poorest, the United
8 States can continue to play a leadership role in the
9 global effort to expand financial services and oppor-
10 tunity to 100,000,000 of the poorest families on the
11 planet.

12 **SEC. 3. PURPOSES.**

13 The purposes of this Act are—

14 (1) to make microenterprise development an im-
15 portant element of United States foreign economic
16 policy and assistance;

17 (2) to provide for the continuation and expan-
18 sion of the commitment of the United States Agency
19 for International Development to the development of
20 microenterprise institutions as outlined in its 1994
21 Microenterprise Initiative;

22 (3) to support and develop the capacity of
23 United States and indigenous nongovernmental or-
24 ganization intermediaries to provide credit, savings,

1 training, technical assistance, and business develop-
2 ment services to microentrepreneurs;

3 (4) to emphasize financial services and substan-
4 tially increase the amount of assistance devoted to
5 both financial services and complimentary business
6 development services designed to reach the poorest
7 sector in developing countries, particularly women;
8 and

9 (5) to encourage the United States Agency for
10 International Development to coordinate micro-
11 finance policy, in consultation with the Department
12 of the Treasury and the Department of State, and
13 to provide global leadership among bilateral and
14 multilateral donors in promoting microenterprise for
15 the poorest of the poor.

16 **SEC. 4. MICROENTERPRISE DEVELOPMENT GRANT ASSIST-**
17 **ANCE.**

18 Chapter 1 of part I of the Foreign Assistance Act
19 of 1961 (22 U.S.C. 2151 et seq.) is amended by adding
20 at the end the following new section:

21 **“SEC. 131. MICROENTERPRISE DEVELOPMENT GRANT AS-**
22 **SISTANCE.**

23 “(a) FINDINGS AND POLICY.—Congress finds and de-
24 clares that—

1 “(1) the development of microenterprise is a
2 vital factor in the stable growth of developing coun-
3 tries and in the development of free, open, and equi-
4 table international economic systems;

5 “(2) it is therefore in the best interest of the
6 United States to assist the development of micro-
7 enterprises in developing countries; and

8 “(3) the support of microenterprise can be
9 served by programs providing credit, savings, train-
10 ing, technical assistance, and business development
11 services.

12 “(b) AUTHORIZATION.—

13 “(1) IN GENERAL.—In carrying out this part,
14 the President is authorized to provide grant assist-
15 ance for programs to increase the availability of
16 credit and other services to microenterprises lacking
17 full access to capital training, technical assistance,
18 and business development services through—

19 “(A) grants to microfinance institutions
20 for the purpose of expanding the availability of
21 credit, savings, and other financial services to
22 microentrepreneurs;

23 “(B) grants to microenterprise institutions
24 for the purpose of training, technical assistance,
25 and business development services for micro-

1 enterprises to enable them to make better use
2 of credit, to better manage their enterprises,
3 and to increase their income and build their as-
4 sets;

5 “(C) capacity-building for microenterprise
6 institutions in order to enable them to better
7 meet the credit and training needs of micro-
8 entrepreneurs; and

9 “(D) policy and regulatory programs at
10 the country level that improve the environment
11 for microentrepreneurs and microenterprise in-
12 stitutions that serve the poor and very poor.

13 “(2) IMPLEMENTATION.—Assistance authorized
14 under paragraph (1) shall be provided through orga-
15 nizations that have a capacity to develop and imple-
16 ment microenterprise programs, including
17 particularly—

18 “(A) United States and indigenous private
19 and voluntary organizations;

20 “(B) United States and indigenous credit
21 unions and cooperative organizations; or

22 “(C) other indigenous governmental and
23 nongovernmental organizations.

24 “(3) TARGETED ASSISTANCE.—In carrying out
25 sustainable poverty-focused programs under para-

1 graph (1), 50 percent of all microenterprise re-
2 sources shall be targeted to very poor entrepreneurs,
3 defined as those living in the bottom 50 percent
4 below the poverty line as established by the national
5 government of the country. Specifically, such re-
6 sources shall be used for—

7 “(A) direct support of programs under this
8 subsection through practitioner institutions
9 that—

10 “(i) provide credit and other financial
11 services to entrepreneurs who are very
12 poor, with loans in 1995 United States
13 dollars of—

14 “(I) \$1,000 or less in the Europe
15 and Eurasia region;

16 “(II) \$400 or less in the Latin
17 America region; and

18 “(III) \$300 or less in the rest of
19 the world; and

20 “(ii) can cover their costs in a reason-
21 able time period; or

22 “(B) demand-driven business development
23 programs that achieve reasonable cost recovery
24 that are provided to clients holding poverty
25 loans (as defined by the regional poverty loan

1 limitations in subparagraph (A)(i)) whether
2 they are provided by microfinance institutions
3 or by specialized business development services
4 providers.

5 “(4) SUPPORT FOR CENTRAL MECHANISMS.—
6 The President should continue support for central
7 mechanisms and missions that—

8 “(A) provide technical support for field
9 missions;

10 “(B) strengthen the institutional develop-
11 ment of the intermediary organizations de-
12 scribed in paragraph (2);

13 “(C) share information relating to the pro-
14 vision of assistance authorized under paragraph
15 (1) between such field missions and inter-
16 mediary organizations; and

17 “(D) support the development of nonprofit
18 global microfinance networks, including credit
19 union systems, that—

20 “(i) are able to deliver very small
21 loans through a vast grassroots infrastruc-
22 ture based on market principles; and

23 “(ii) act as wholesale intermediaries
24 providing a range of services to micro-
25 finance retail institutions, including financ-

1 ing, technical assistance, capacity-building
2 and safety and soundness accreditation.

3 “(5) LIMITATION.—Assistance provided under
4 this subsection may only be used to support micro-
5 enterprise programs and may not be used to support
6 programs not directly related to the purposes de-
7 scribed in paragraph (1).

8 “(6) DEFINITION.—In this subsection, the term
9 ‘business development services’ means support for
10 the growth of microenterprises through training,
11 technical assistance, marketing assistance, improved
12 production technologies, and other services.

13 “(c) MONITORING SYSTEM.—In order to maximize
14 the sustainable development impact of the assistance au-
15 thorized under subsection (a)(1), the Administrator of the
16 agency primarily responsible for administering this part
17 shall establish a monitoring system that—

18 “(1) establishes performance goals for such as-
19 sistance and expresses such goals in an objective and
20 quantifiable form, to the extent feasible;

21 “(2) establishes performance indicators to be
22 used in measuring or assessing the achievement of
23 the goals and objectives of such assistance;

24 “(3) provides a basis for recommendations for
25 adjustments to such assistance to enhance the sus-

1 tainable development impact of such assistance, par-
2 ticularly the impact of such assistance on the very
3 poor, particularly poor women; and

4 “(4) provides a basis for recommendations for
5 adjustments to measures for reaching the poorest of
6 the poor, including proposed legislation containing
7 amendments to enhance the sustainable development
8 impact of such assistance, as described in paragraph
9 (3).

10 “(d) LEVEL OF ASSISTANCE.—Of the funds made
11 available under this part and the Support for East Euro-
12 pean Democracy (SEED) Act of 1989, including local cur-
13 rencies, there are authorized to be available \$150,000,000
14 during fiscal year 2001.”.

15 **SEC. 5. MICRO- AND SMALL ENTERPRISE DEVELOPMENT**
16 **CREDITS.**

17 Section 108 of the Foreign Assistance Act of 1961
18 (22 U.S.C. 2151f) is amended to read as follows:

19 **“SEC. 108. MICRO- AND SMALL ENTERPRISE DEVELOPMENT**
20 **CREDITS.**

21 “(a) FINDINGS AND POLICY.—Congress finds and de-
22 clares that—

23 “(1) the development of micro- and small enter-
24 prises are a vital factor in the stable growth of de-
25 veloping countries and in the development and sta-

1 bility of a free, open, and equitable international
2 economic system; and

3 “(2) it is, therefore, in the best interests of the
4 United States to assist the development of the enter-
5 prises of the poor in developing countries and to en-
6 gage the United States private sector in that proc-
7 ess.

8 “(b) PROGRAM.—To carry out the policy set forth in
9 subsection (a), the President is authorized to provide as-
10 sistance to increase the availability of credit to micro- and
11 small enterprises lacking full access to credit, including
12 through—

13 “(1) loans and guarantees to credit institutions
14 for the purpose of expanding the availability of cred-
15 it to micro- and small enterprises;

16 “(2) training programs for lenders in order to
17 enable them to better meet the credit needs of
18 microentrepreneurs; and

19 “(3) training programs for microentrepreneurs
20 in order to enable them to make better use of credit
21 and to better manage their enterprises.

22 “(c) ELIGIBILITY CRITERIA.—The Administrator of
23 the agency primarily responsible for administering this
24 part shall establish criteria for determining which entities
25 described in subsection (b) are eligible to carry out activi-

1 ties, with respect to micro- and small enterprises, assisted
2 under this section. Such criteria may include the following:

3 “(1) The extent to which the recipients of credit
4 from the entity do not have access to the local for-
5 mal financial sector.

6 “(2) The extent to which the recipients of credit
7 from the entity are among the poorest people in the
8 country.

9 “(3) The extent to which the entity is oriented
10 toward working directly with poor women.

11 “(4) The extent to which the entity recovers its
12 cost of lending.

13 “(5) The extent to which the entity implements
14 a plan to become financially sustainable.

15 “(d) ADDITIONAL REQUIREMENT.—Assistance pro-
16 vided under this section may only be used to support
17 micro- and small enterprise programs and may not be used
18 to support programs not directly related to the purposes
19 described in subsection (b).

20 “(e) AUTHORIZED USES OF FUNDS.—

21 “(1) IN GENERAL.—Amounts made available to
22 carry out this section may be used for, among other
23 things—

1 “(A) the subsidy cost, as defined in section
2 502(5) of the Federal Credit Reform Act of
3 1990, for activities under this section; and

4 “(B) the cost of administration expenses in
5 carrying out credit activities under this section.

6 “(2) DEFAULT AND PROCUREMENT PROVI-
7 SIONS.—

8 “(A) DEFAULT PROVISION.—The provi-
9 sions of section 620(q), or any comparable pro-
10 vision of law, shall not be construed to prohibit
11 assistance to a country in the event that a pri-
12 vate sector recipient of assistance furnished
13 under this section is in default in its payment
14 to the United States for the period specified in
15 such section.

16 “(B) PROCUREMENT PROVISION.—Assist-
17 ance may be provided under this section with-
18 out regard to section 604(a).

19 “(3) RULE OF CONSTRUCTION.—Amounts au-
20 thorized to be appropriated under this subsection are
21 in addition to amounts otherwise available to carry
22 out this section.”.

23 **SEC. 6. MICROFINANCE LOAN FACILITY.**

24 (a) IN GENERAL.—Chapter 1 of part I of the Foreign
25 Assistance Act of 1961 (22 U.S.C. 2151 et seq.), as

1 amended by section 4 of this Act, is further amended by
2 adding at the end the following new section:

3 **“SEC. 132. UNITED STATES MICROFINANCE LOAN FACILITY.**

4 “(a) ESTABLISHMENT.—The Administrator is au-
5 thorized to establish a United States Microfinance Loan
6 Facility (in this section referred to as the ‘Facility’) to
7 pool and manage the risk from natural disasters, war or
8 civil conflict, national financial crisis, or short-term finan-
9 cial movements that threaten the long-term development
10 of United States-supported microfinance institutions.

11 “(b) DISBURSEMENTS.—

12 “(1) IN GENERAL.—The Administrator shall
13 make disbursements from the Facility to United
14 States-supported microfinance institutions to prevent
15 the bankruptcy of such institutions caused by—

16 “(A) natural disasters;

17 “(B) national wars or civil conflict; or

18 “(C) national financial crisis or other
19 short-term financial movements that threaten
20 the long-term development of United States-
21 supported microfinance institutions.

22 “(2) FORM OF ASSISTANCE.—Assistance under
23 this section shall be in the form of loans or loan
24 guarantees for microfinance institutions that dem-

1 onstrate the capacity to resume self-sustained oper-
2 ations within a reasonable time period.

3 “(3) CONGRESSIONAL NOTIFICATION PROCE-
4 DURES.—During the fiscal year 2001, funds may
5 not be made available from the Facility until 15
6 days after notification of the proposed availability of
7 the funds has been provided to the congressional
8 committees specified in section 634A in accordance
9 with the procedures applicable to reprogramming no-
10 tifications under that section.

11 “(c) GENERAL PROVISIONS.—

12 “(1) POLICY PROVISIONS.—In providing the
13 credit assistance authorized by this section, the Ad-
14 ministrator should apply, as appropriate, the policy
15 provisions in this part that are applicable to develop-
16 ment assistance activities.

17 “(2) DEFAULT AND PROCUREMENT PROVI-
18 SIONS.—

19 “(A) DEFAULT PROVISION.—The provi-
20 sions of section 620(q), or any comparable pro-
21 vision of law, shall not be construed to prohibit
22 assistance to a country in the event that a pri-
23 vate sector recipient of assistance furnished
24 under this section is in default in its payment

1 to the United States for the period specified in
2 such section.

3 “(B) PROCUREMENT PROVISION.—Assist-
4 ance may be provided under this section with-
5 out regard to section 604(a).

6 “(3) TERMS AND CONDITIONS OF CREDIT AS-
7 SISTANCE.—

8 “(A) IN GENERAL.—Credit assistance pro-
9 vided under this section shall be offered on such
10 terms and conditions, including fees charged, as
11 the Administrator may determine.

12 “(B) LIMITATION ON PRINCIPAL AMOUNT
13 OF FINANCING.—The principal amount of loans
14 made or guaranteed under this section in any
15 fiscal year, with respect to any single event,
16 may not exceed \$30,000,000.

17 “(C) EXCEPTION.—No payment may be
18 made under any guarantee issued under this
19 section for any loss arising out of fraud or mis-
20 representation for which the party seeking pay-
21 ment is responsible.

22 “(4) FULL FAITH AND CREDIT.—All guarantees
23 issued under this section shall constitute obligations,
24 in accordance with the terms of such guarantees, of
25 the United States of America, and the full faith and

1 credit of the United States of America is hereby
2 pledged for the full payment and performance of
3 such obligations to the extent of the guarantee.

4 “(d) FUNDING.—

5 “(1) ALLOCATION OF FUNDS.—

6 “(A) IN GENERAL.—Of the amounts made
7 available to carry out this part for the fiscal
8 year 2001, up to \$5,000,000 may be made
9 available for—

10 “(i) the subsidy cost, as defined in
11 section 502(5) of the Federal Credit Re-
12 form Act of 1990, to carry out this section;
13 and

14 “(ii) subject to subparagraph (B), the
15 cost of administrative expenses to carry
16 out this section.

17 “(B) LIMITATION ON ADMINISTRATIVE EX-
18 PENSES.—Of the amount made available under
19 subparagraph (A) to carry out this section for
20 fiscal year 2001, not more than \$500,000 may
21 be made available for administrative expenses
22 under subparagraph (A)(ii).

23 “(2) RELATION TO OTHER FUNDING.—

24 Amounts made available under paragraph (1) are in

1 addition to amounts available under any other provi-
2 sion of law to carry out this section.

3 “(e) DEFINITIONS.—In this section:

4 “(1) ADMINISTRATOR.—The term ‘Adminis-
5 trator’ means the Administrator of the agency pri-
6 marily responsible for administering this part.

7 “(2) APPROPRIATE CONGRESSIONAL COMMIT-
8 TEES.—The term ‘appropriate congressional com-
9 mittees’ means the Committee on Foreign Relations
10 of the Senate and the Committee on International
11 Relations of the House of Representatives.

12 “(3) UNITED STATES-SUPPORTED MICRO-
13 FINANCE INSTITUTION.—The term ‘United States-
14 supported microfinance institution’ means a finan-
15 cial intermediary that has received funds made avail-
16 able under this Act for fiscal year 1980 or any sub-
17 sequent fiscal year.”.

18 (b) REPORT.—Not later than 120 days after the date
19 of enactment of this Act, the Administrator of the United
20 States Agency for International Development shall submit
21 to the Committee on Foreign Relations of the Senate and
22 the Committee on International Relations of the House
23 of Representatives a report on the policies, rules, and reg-
24 ulations of the United States Microfinance Loan Facility

1 established under section 133 of the Foreign Assistance
2 Act of 1961, as added by subsection (a).

3 **SEC. 7. REPORT RELATING TO FUTURE DEVELOPMENT OF**
4 **MICROENTERPRISE INSTITUTIONS.**

5 (a) REPORT.—Not later than 180 days after the date
6 of the enactment of this Act, the President shall submit
7 to the appropriate congressional committees a report on
8 the most cost-effective methods and measurements for in-
9 creasing the access of poor people overseas to credit, other
10 financial services, and related training.

11 (b) CONTENTS.—The report described in subsection
12 (a)—

13 (1) should include how the President, in con-
14 sultation with the Administrator of the United
15 States Agency for International Development, the
16 Secretary of State, and the Secretary of the Treas-
17 ury, will jointly develop a comprehensive strategy for
18 advancing the global microenterprise sector in a way
19 that maintains market principles while ensuring that
20 the very poor overseas, particularly women, obtain
21 access to financial services overseas; and

22 (2) shall provide guidelines and recommenda-
23 tions for—

1 (A) instruments to assist microenterprise
2 networks to develop multi-country and regional
3 microlending programs;

4 (B) technical assistance to foreign govern-
5 ments, foreign central banks, and regulatory
6 entities to improve the policy environment for
7 microfinance institutions, and to strengthen the
8 capacity of supervisory bodies to supervise
9 microfinance institutions;

10 (C) the potential for Federal chartering of
11 United States-based international microfinance
12 network institutions, including proposed legisla-
13 tion;

14 (D) instruments to increase investor con-
15 fidence in microfinance institutions which would
16 strengthen the long-term financial position of
17 the microfinance institutions and attract capital
18 from private sector entities and individuals,
19 such as a rating system for microfinance insti-
20 tutions and local credit bureaus;

21 (E) an agenda for integrating microfinance
22 into United States foreign policy initiatives
23 seeking to develop and strengthen the global fi-
24 nance sector; and

1 (F) innovative instruments to attract funds
2 from the capital markets, such as instruments
3 for leveraging funds from the local commercial
4 banking sector, and the securitization of
5 microloan portfolios.

6 (c) APPROPRIATE CONGRESSIONAL COMMITTEES DE-
7 FINED.—In this section, the term “appropriate congres-
8 sional committees” means the Committee on International
9 Relations of the House of Representatives and the Com-
10 mittee on Foreign Relations of the Senate.

11 **SEC. 8. UNITED STATES AGENCY FOR INTERNATIONAL DE-**
12 **VELOPMENT AS GLOBAL LEADER AND COOR-**
13 **DINATOR OF BILATERAL AND MULTILATERAL**
14 **MICROENTERPRISE ASSISTANCE ACTIVITIES.**

15 (a) FINDINGS AND POLICY.—Congress finds and de-
16 clares that—

17 (1) the United States can provide leadership to
18 other bilateral and multilateral development agencies
19 as such agencies expand their support to the micro-
20 enterprise sector; and

21 (2) the United States should seek to improve
22 coordination among G–7 countries in the support of
23 the microenterprise sector in order to leverage the
24 investment of the United States with that of other
25 donor nations.

1 (b) SENSE OF CONGRESS.—It is the sense of Con-
2 gress that—

3 (1) the Administrator of the United States
4 Agency for International Development and the Sec-
5 retary of State should seek to support and strength-
6 en the effectiveness of microfinance activities in
7 United Nations agencies, such as the International
8 Fund for Agricultural Development (IFAD) and the
9 United Nations Development Program (UNDP),
10 which have provided key leadership in developing the
11 microenterprise sector; and

12 (2) the Secretary of the Treasury should in-
13 struct each United States Executive Director of the
14 multilateral development banks (MDBs) to advocate
15 the development of a coherent and coordinated strat-
16 egy to support the microenterprise sector and an in-
17 crease of multilateral resource flows for the purposes
18 of building microenterprise retail and wholesale
19 intermediaries.

20 **SEC. 9. DEFINITIONS.**

21 In this Act:

22 (1) MICROENTERPRISE INSTITUTION.—The
23 term “microenterprise institution” means an institu-
24 tion that provides microfinance services, and other

1 training or business services, directly to microentre-
2 preneurs.

3 (2) MICROFINANCE INSTITUTION.—The term
4 “microfinance institution” means an institution that
5 makes loans as well as provides savings and insur-
6 ance services.

7 (3) PRACTITIONER INSTITUTION.—The term
8 “practitioner institution” means a microfinance in-
9 stitution that is administered by a nongovernmental
10 organization or by a private and voluntary organiza-
11 tion and that provides direct services for microentre-
12 preneurs.